



## The Office of Secretary of State

*Brian P. Kemp*  
SECRETARY OF STATE

*Vincent R. Russo*  
General Counsel

### NOTICE (SEC-2011-02)

**RE: Repeal of Chapter 590-4-2 entitled “Dealers, Limited Dealers, Salespersons and Limited Salespersons of Securities”**

TO ALL INTERESTED PERSONS AND PARTIES:

Pursuant to the Official Code of Georgia Annotated, O.C.G.A. §§ 10-5-70 and 50-13-4, notice is hereby given that the Commissioner of Securities of the Office of the Georgia Secretary of State, (hereinafter “Commissioner”) proposes to repeal chapter 590-4-2 *Dealers, Limited Dealers, Salespersons and Limited Salespersons of Securities*, consisting of Rules 590-4-2-01, 590-4-2-02, 590-4-2-03, 590-4-2-04, 590-4-2-05, 590-4-2-06, 590-4-2-07, 590-4-2-08, 590-4-2-09, 590-4-2-10, 590-4-2-11, 590-4-2-12, 590-4-2-13, 590-4-2-14, 590-4-2-15, 590-4-2-16, 590-4-2-17, 590-4-2-18, 590-4-2-19, and 590-4-2-20.


Attached with this notice is an exact copy of each proposed rule to be repealed. The rules are being repealed under the authority of O.C.G.A. §§ 10-5-70 and 10-5-74. The Commissioner finds that the repeal of said rules is necessary and in the public interest because the rules were promulgated under the Georgia Securities Act of 1973, which the General Assembly repealed in its entirety and replaced pursuant to Act 528 during the 2008 legislative session.

The Assistant Commissioner, in accordance with O.C.G.A. § 10-5-70(f), shall consider the repeal of the proposed rules at 10:00 a.m., on November 17, 2011, in Room 810, Suite 802 West Tower at 2 Martin Luther King, Jr. Drive, S.E., Atlanta, Georgia 30334.

Copies of this notice and exact copy of each proposed rule for repeal are available for review on the Securities Divisions’ web page at <http://www.sos.ga.gov/securities>. Interested persons may submit data, views or arguments in writing to the Commissioner. The Commissioner must receive all comments regarding the proposed repeal of the above-referenced Rules from interested persons no later than 5:00 p.m. on November 15, 2011. Written comments must be sent to: Commissioner of Securities, Securities Division, 2 Martin Luther King, Jr. Drive, S.E., 802 West Tower, Atlanta, Georgia 30334. Written comments may be sent via facsimile to (404) 656-0513, or submitted electronically to [SECRules@sos.ga.gov](mailto:SECRules@sos.ga.gov). Please reference “SEC-2011-02” on all comments.

For further information, please contact Tom Zagorsky at (404) 463-0344.

This 13th day of October, 2011.

A handwritten signature in blue ink, reading "Vincent Russo", is positioned above a horizontal line.

Vincent R. Russo

Interim Assistant Commissioner of Securities

#### **590-4-2-.01 Qualifications for Registration.**

(1) General Dealer Requirements. To be registered as a dealer of securities, a person must, in addition to the requirements set forth in Code Section 10-5-3, meet the following qualifications:

(a) Associations. A general dealer must be a member in good standing with the NASD or be registered with the SEC under the Securities Exchange Act of 1934.

(b) Financial Responsibility. The dealer must have sufficient assets to meet its obligations as they mature. A dealer will be deemed to have sufficient assets to meet its obligations as they mature if such dealer:

1. is subject to and in compliance with the net capital rules of the SEC; or
2. is exempt from the net capital rules of the SEC by virtue of membership in an exchange and is in compliance with the net capital rules of such exchange.

(2) Limited Dealer Requirements. To be registered as a limited dealer of securities, a person must, in addition to the requirements set forth in Code Section 10-5-3, meet the following qualifications:

(a) Principal Designation. Each applicant dealer must designate at least one principal to supervise Georgia sales who meets the examination requirements stated in Rule 590-4-2-.07.

(b) Financial Responsibility. The limited dealer must have sufficient assets to meet its obligations as they mature. A limited dealer will be considered to have sufficient assets to meet the obligations as they mature if the limited dealer:

1. in the case of a limited dealer who proposes to buy and sell securities or hold securities for the account of customers:

(i) has not less than \$15,000 net worth and not less than \$15,000 in liquid assets; or

(ii) is subject to and in compliance with the net capital rules of SEC; or—

(iii) is exempt from the net capital rules of the SEC by virtue of membership in an exchange and is in compliance with the net capital rules of such exchange;

2. in the case of a limited dealer who proposes only to sell securities and will not hold securities for the account of customers, has not less than \$5,000 net worth and not less than \$5,000 in liquid assets.

(3) Branch Offices. To be registered as a dealer or limited dealer of securities, a person must meet the following qualifications, in addition to the requirements set forth in Section 10-5-3 of the Act:

(a) As under NASD Rule 3010(g)(2), “Branch Office” means any location identified by any means to the public or customers as a location at which the dealer or limited dealer or its agent conducts an investment banking or securities business, excluding:

1. any location identified in a telephone directory line listing or on a business card or letterhead, which listing, card, or letterhead also sets forth the address and telephone number of the branch office or office of supervisory jurisdiction of the dealer or limited dealer from which the person(s) conducting business at the non-branch locations are directly supervised;
2. any location referred to in a dealer or limited dealer advertisement by its local telephone number and/or local post office box provided that such reference may not contain the address of the non-branch location and, further, that such reference also sets forth the address and telephone number of the branch office or office of supervisory jurisdiction of the dealer or limited dealer from which the person(s) conducting business at the non-branch location are directly supervised;
3. any location identified by address in a dealer’s or limited dealer’s sales literature, provided that the sales literature also sets forth the address and telephone number of the branch office or

~~office of supervisory jurisdiction of the firm from which the person(s) conducting business at the non-branch locations are directly supervised; or~~

~~4. any location where a person conducts business on behalf of the dealer or limited dealer occasionally and exclusively by appointment for the convenience of customers, so long as each customer is provided with the address and telephone number of the branch office or office of supervisory jurisdiction of the dealer or limited dealer from which the person conducting business at the non-branch location is directly supervised.~~

~~(b) A dealer or limited dealer may substitute a central office address and telephone number for the supervisory branch office or OSJ provided that it has demonstrated that it has in place a significant and geographically dispersed supervisory system appropriate to its business and that any investor complaint received at the central site is provided to and resolved in conjunction with the office or offices with responsibility over the non-branch business location involved in the complaint.~~

~~(c) Each dealer or limited dealer registered under the Act that is a member of the NASD shall comply with the CRD's branch office reporting requirements.~~

~~(4) Additional information. The applicant shall promptly furnish any additional information requested by the Commissioner.~~

~~Authority O.C.G.A. Secs. 10-5-3, 10-5-4, 10-5-10.~~

**590-4-2-.02 Central Registration Depository.**

(1) ~~The Commissioner may accept applications for registration of salespersons, limited salespersons, dealers, and limited dealers on uniform forms adopted and approved for use by NASAA.~~

(2) ~~An applicant for registration as a salesperson or limited salesperson who submits an application through the CRD using the Uniform Salesperson Application need not furnish the personal references otherwise required by Code Section 10-5-3.~~

(3) ~~Unless otherwise provided for, all registrations, transfers, renewals, terminations, and other filings for salespersons, limited salespersons, dealers, and limited dealers who are members of the NASD and the SEC or who are eligible to register through the CRD system, shall be accomplished through said system, as operated by the NASD. As such, all records filed on the CRD shall be the official registration records of the Commissioner. All fees incident to said registration shall be submitted to the CRD made payable to the "NASD" and shall be drawn on the account of the dealer or limited dealer and such fees shall be transmitted by the CRD to the Commissioner. The filing of an application with the CRD system does not constitute an automatic registration in Georgia until the applicant is notified by the CRD that his, her, or its registration is effective in Georgia. This notice shall constitute evidence of effective registration in Georgia. The Commissioner is hereby authorized to participate as an automatic approval state in the CRD system and to accept such filing requirements that are consistent with registration through the CRD system.~~

(4) ~~Any applicant for registration as a dealer, limited dealer, salesperson, or limited salesperson who submits an application to the CRD shall comply with Code Section 10-5-3(g). If such applicant is required to file a bond under that code section, the bond shall be filed directly with the Commissioner at his or her Georgia office and not with the CRD. No registration shall be effective until the applicant has complied with Code Section 10-5-3(g).~~

Authority O.C.G.A. Sec. 10-5-10.

### **590-4-2-.03 Records.**

(1) All dealers, limited dealers, salespersons and limited salespersons who are registered or required to be registered with the SEC or are members of the NASD or any national securities exchange registered with the SEC shall make, keep, and preserve such records as the SEC, NASD, and national securities exchanges registered with the SEC require be made, kept, and preserved. These records shall be subject to inspection by the Commissioner. The records of a dealer, limited dealer, salesperson and limited salesperson registered or required to be registered under the Act are subject to such reasonable periodic or special inspections by a representative of the Commissioner as the Commissioner considers necessary or appropriate in the public interest and for the protection of investors. An inspection may be made at any time and without prior notice. The Commissioner may copy and remove any record the Commissioner reasonably considers necessary or appropriate to conduct the inspection.

(2) Dealers and limited dealers that are not registered with the SEC, are not members of the NASD or are not members of any national securities exchange registered with the SEC shall make and keep the following records:

(a) Blotters (or other records of original entry) containing an itemized daily record of all purchases and sales of securities, all receipts and deliveries of securities (including certificate numbers), all receipts and disbursements of cash and all other debits and credits. These records shall show the account for which each such transaction was effected, the names and amount of securities, the unit and aggregate purchase or sale price (if any), the trade date, and the names or other designation of the person(s) from whom purchased or received or to whom sold or delivered.

(b) Ledgers (or other records) reflecting all assets and liabilities, income and expenses and capital accounts.

(c) Ledger accounts (or other records) itemizing separately, as to each cash and margin account of every customer, and, of such dealer and partners thereof, all purchases, sales, receipts, and deliveries of securities for such account and all other debits and credits to such account.

(d) Ledgers (or other records) reflecting the following:

1. Securities in transfer;
2. Dividends and interest received;
3. Securities borrowed and securities loaned;
4. Money borrowed and money loaned (together with a record of the collateral therefore and any substitutions in such collateral); and
5. Securities failed to receive and failed to deliver.

(e) A securities record or ledger reflecting separately for each security, as of the clearance dates, all "long" or "short" positions (including securities in safekeeping) carried by such dealer for its account or for the account of its customers or partners showing the location of all securities "long" and the offsetting position to all securities "short" and in all cases the name or designation of the account in which each position is carried.

(f) A memorandum of each brokerage order and of any other instruction given or received for the purchase or sale of securities whether executed or unexecuted. This memorandum shall show the terms and conditions of the order or instruction and of any modification or cancellation thereof, the account for which the order or instruction was entered, the time of entry, the price at which the order or instruction was executed, and, to the extent feasible, the time of execution or cancellation. Orders entered pursuant to the exercise of discretionary power by such dealer, or any employee thereof, shall be so designated. The term "instruction" shall be deemed to include

instructions between partners and employees of a dealer. The term "time of entry" shall be deemed to mean the time when such dealer transmits the order or instruction for execution, or, if it is not so transmitted, the time when it was received.

(g) A memorandum of each purchase or sale of securities for the account of such dealer showing the price and, to the extent feasible, the time of execution; and, in addition, where such purchase or sale is with a customer other than a broker or dealer, a memorandum of each order received, showing the time of receipt, the terms and conditions of the order, and the account in which it was entered.

(h) Copies of confirmations of all purchases and sales of securities and copies of notices of all other debits and credits for securities, cash, and other items for the accounts of customers and partners of such dealer.

(i) A record in respect of each cash and margin account with such dealer containing the name and address of the beneficial owner of such account and, in the case of a margin account, the signature of such owner; provided, however, that in the case of a joint account or an account of a corporation, such records are required only in respect of the person or persons authorized to transact business for such account.

(j) A record of all puts, calls, spreads, straddles, and other options that such dealer has granted or guaranteed containing, at least, an identification of the security and the number of units involved.

(k) A record of the proof of money balances of all ledger accounts in the form of trial balances. These trial balances shall be prepared currently at least once a month.

(l) An application for employment executed by each "associated person" (as hereinafter defined) of such dealer that is approved in writing by an authorized representative of such dealer and contains at least the following information with respect to such associated person:

1. Name, address, social security number, and the starting date of employment or other association with the dealer;
2. Date of birth;
3. The educational institutions attended and whether the associated person graduated therefrom;
4. A complete, consecutively ordered statement of all business connections for at least the preceding seven (7) years, including reason(s) for leaving each prior employment and whether the employment was part time or fulltime;
5. A record of any denial of membership or registration and of any disciplinary action taken or sanction imposed upon him or her by any Federal or State agency or any national securities exchange or national securities association, including any finding that he or she was a cause of any disciplinary action or had violated any law;
6. A record of any denial, suspension, expulsion or revocation of membership in any national securities association, securities exchange, or registration with any state, federal or governmental agency with which he or she was associated in any capacity when such action was taken;
7. A record of any permanent or temporary injunction entered against him or her or any member of a national securities association or stock exchange, or broker or dealer with which he or she was associated in any capacity at the time such injunction was entered;
8. A record of any arrests, indictments or convictions for any felony or any misdemeanor, except minor traffic offenses of which he or she has been the subject;
9. A record of any other name or names by which he or she has been known or has used; and
10. A record of all licenses, registrations and memberships related to securities that he or she holds.

11. For purposes of subparagraph (2)(1) of this Rule, the term “associated person” shall mean a partner, officer, director, salesperson, trader, manager or any employee handling funds or securities or soliciting transactions or accounts for such dealer.

(3) Dealers and limited dealers that are not registered with the SEC, are not members of the NASD or are not members of any national securities exchange registered with the SEC shall preserve for a period of not less than five (5) years, the first two (2) years in an easily accessible place, the records required to be maintained by paragraphs (1) or (2) above and the following:

(a) All checkbooks, bank statements, cancelled checks and cash reconciliations relating to the business of the dealer;

(b) All invoices (or copies thereof) received by the dealer from any other person relating to the business of the dealer, whether the dealer paid the invoice or the invoice is still payable, and, where the dealer has paid the invoice, all records of the payment made;

(c) All invoices (or copies thereof) sent by the dealer to any other person relating to the business of the dealer, whether the dealer has received any payment from the other person or any part of the invoice is still receivable, and, where the dealer has received a payment, either in full or in part, on the invoice, all records of the payment received;

(d) Originals of all communications received and copies of all communications sent by such dealer (including interoffice memoranda and communications) relating to the business of the dealer;

(e) All trial balances, financial statements, branch office reconciliations and internal audit working papers, relating to the business of the dealer;

(f) All guarantees of accounts and all powers of attorney and other evidence of the granting of any discretionary authority given in respect of any accounts, and copies of resolutions empowering an agent to act on behalf of a corporation; and

(g) All written agreements (or copies thereof) entered into by such dealer relating to its business, including agreements with respect to any account.

(4) Dealers and limited dealers that are not registered with the SEC, are not members of the NASD or are not members of any national securities exchange registered with the SEC that buy and sell securities or hold securities for the account of customers shall preserve for a period of not less than five (5) years after the closing of any customer’s account, for the first (2) two years in an easily accessible place, all account cards, records, or other documents that relate to the opening and maintenance of any customer’s account, including all records and documents relating to the terms and conditions of such account.

(5) Dealers and limited dealers that are not registered with the SEC, are not members of the NASD or are not members of any national securities exchange registered with the SEC that buy and sell securities or hold securities for the account of customers shall maintain and preserve all records with respect to “associated persons” required by subparagraph (2)(1) above and all similar records required to be kept by other agencies for a period of at least five (5) years after the employment of the “associated person” has terminated and he or she has no other connection with the dealer or limited dealer.

(6) Dealers and limited dealers that are not registered with the SEC, are not members of the NASD or are not members of any national securities exchange registered with the SEC that do not hold securities for the account of customers and whose securities transactions are limited to selling securities shall make and maintain the following records:



~~(a) With respect to every sale of securities made by such dealers and limited dealers, the following records shall be made and maintained for five (5) years, for the first two (2) years in an easily accessible place:~~

~~1. A description of the types and amounts of securities sold;~~

~~2. The date of the sale;~~

~~3. The sales price and how such price was determined;~~

~~4. The commission earned and received for such sale by the dealer or limited dealer and any salesperson or limited salesperson;~~

~~5. The name and address of:~~

~~(i) the person to whom the security(ies) was(were) sold;~~

~~(ii) the salesperson who made the sale; and~~

~~(iii) the issuer or other person on whose behalf the sale was made;~~

~~(b) Originals of all communications received and copies of all communications sent by such dealer or limited dealer (including interoffice memoranda and communications) relating to the sale of securities; and~~

~~(c) For each salesperson employed, a copy of the salesperson's application to the Commissioner for registration as a salesperson and all orders, notices or correspondence received by the dealer or limited dealer with respect to such salesperson's registration.~~

~~(7) Every dealer and limited dealer shall preserve during the life of the enterprise, and of any successor enterprise, all partnership articles or, in the case of a corporation, all articles of incorporation or charter, minute books, and stock certificate books.~~

~~(8) Salespersons and limited salespersons who are not subject to the record keeping requirements of the SEC, the NASD, nor any national securities exchange registered with the SEC shall make and maintain for five (5) years, for the first (2) two years in an easily accessible place, a record of all commissions, overrides, draws, salary, expenses and other compensation or remuneration received in connection with his or her securities sales efforts and the following records with respect to every sale of securities in which such salesperson participates in any way:~~

~~(a) A description of the type and amount of securities sold;~~

~~(b) The date of the sale;~~

~~(c) The sales price and how such price was determined;~~

~~(d) The commission earned and received for such sale;~~

~~(e) A copy of any sales confirmation, subscription agreement, and other contract relating to the sale;~~

~~(f) The name and address of the purchaser; and~~

~~(g) The name and address of any person in addition to the salesperson or limited salesperson who participated in the sale, a description of the nature of the participation, and the compensation or remuneration received by such other person for his or her assistance.~~

~~(9) Any record required by this Rule to be preserved and maintained may, after it is no longer required to be kept in an easily accessible place, be maintained in any form admissible into evidence pursuant to Code Section 24-5-26. Such records may be thus maintained at any time if equipment for viewing and reproducing such records is immediately accessible and any cost of such viewing or reproduction will be borne by the dealer, limited dealer, salesperson, or limited salesperson.~~

~~(10) Any dealer, or limited dealer that is registered with the SEC, is a member of the NASD, or is a member of any national securities exchange registered with the SEC that fulfills the~~

~~reporting requirements of the SEC, NASD, or national securities exchange, as it is required, shall  
be deemed to be in compliance with reporting requirements of the Act and the Rules.  
Authority O.C.G.A. Secs. 10-5-3, 10-5-10.~~

**590-4-2-.04 Reports.**

~~(1) Dealers and limited dealers that are not registered with the SEC, are not members of the NASD or are not members of any national securities exchange registered with the SEC shall report immediately to the Commissioner the occurrence of any of the following events:~~

~~(a) Any instance in which such dealer or limited dealer is unable to meet a financial obligation as it matures;~~

~~(b) Any failure of a dealer or limited dealer to maintain the financial position set forth in Rule 590-4-2-.01, or, if the Commissioner has accepted some indicia other than that of Rule 590-4-2-.01 as a demonstration of a dealer or limited dealer's ability to meet its financial obligations as they accrue, any failure of said dealer or limited dealer to maintain such indicia; or~~

~~(c) The occurrence of any event that materially increases the probability that the dealer or limited dealer will be unable to meet its obligations as they mature.~~

~~(2) The report required by paragraph (1) above shall be accompanied by the most accurate statement of financial conditions that is currently available to such dealer or limited dealer, which shall be supplemented as soon as possible, by a report containing the financial information required by Code Section 10-5-3 and any additional information as the Commissioner may require.~~

~~(3) Every dealer, limited dealer, salesperson, and limited salesperson not required to report disciplinary events to the CRD shall immediately report to the Commissioner the occurrence of any of the following:~~

~~(a) the initiation of any disciplinary, administrative, civil or criminal action against such dealer, limited dealer, salesperson or limited salesperson or any principal officer of any dealer or limited dealer by any national organization of securities dealers, any securities exchange, or any state or federal agency; or~~

~~(b) the receipt of service of process in any civil complaint or arbitration alleging fraud or any violation of any state or federal securities act filed against such dealer, limited dealer, salesperson, limited salesperson, or any principal officer of any such dealer or limited dealer.~~

~~(4) The report required by paragraph (3) above shall be accompanied by a copy of any notice, order, pleading, indictment, accusation, or similar legal document that such dealer, limited dealer, salesperson, limited salesperson or principal has received in the case.~~

~~(5) Any salesperson, limited salesperson, dealer, or limited dealer who fulfills the reporting requirements of CRD shall be deemed to be in compliance with reporting requirements of the Act and the Rules.~~

~~Authority O.C.G.A. Secs. 10-5-4, 10-5-10.~~

**590-4-2-.05 Multiple Registration.**

(a) ~~An individual may apply to be registered as a salesperson for more than one dealer by the filing of a separate U-4 application through CRD by each registered dealer and the payment of separate application fees, as required, through CRD. The Commissioner may deny the multiple registration applications if he or she determines that it is not in the best interests of the public. By having the multiple registration applications submitted on his or her behalf, the salesperson affirmatively represents that he or she will make all disclosures to his or her clients and the affected dealers regarding actual or potential conflicts of interests.~~

(b) ~~Each dealer that employs a multiple registered salesperson shall comply with the requirements of CRD regarding the multiple registration of salespersons.~~

(c) ~~Nothing in this Rule shall relieve the dealer for whom a salesperson is actually acting of the responsibilities imposed by the Act and the Rules for the transactions of each salesperson.~~

~~Authority O.C.G.A. Secs. 10-5-2, 10-5-3, 10-5-10.~~

#### **590-4-2-.06 Examinations.**

~~The Commissioner may cooperate with registered securities associations and national securities exchanges in devising and administering tests and may require registered dealers and limited dealers and persons associated with such dealers and limited dealers to pass tests administered by, or on behalf of, any such association or exchange and to pay such association or exchange reasonable fees or charges to defray the costs incurred by such association or exchange in administering the tests.~~

~~(1) Reexamination upon Lapse of Registration. Any person whose most recent registration as a principal, salesperson, or limited salesperson has been terminated for two (2) or more years immediately preceding application to the Commissioner for registration shall be required to pass NASD Series 63 Uniform Securities Agent State Law Examination and any other examination required by the Commissioner pursuant to this Rule. However, the Commissioner may, within his or her sole discretion, find the applicant qualified by other examination(s) or significant and comprehensive experience or expertise in the securities or investment adviser business.~~

~~(2) Salespersons. The following provisions shall govern salesperson examination requirements:~~

~~(a) Each salesperson applicant must show proof that he or she has passed:~~

~~1. the NASD Series 63 Uniform Securities Agent State Law Examination; and~~

~~2. one of the following securities examinations:~~

~~(i) the NASD Series 1 Registered Representative Examination;~~

~~(ii) the NASD Series 2 SECO/NASD Non-Member General Securities Examination;~~

~~(iii) the NASD Series 6 Investment Company Products/Variable Contracts Representative Examination;~~

~~(iv) the NASD Series 7 General Securities Representative Examination;~~

~~(v) the NASD Series 22 Direct Participation Programs Representative Examination;~~

~~(vi) the NASD Series 52 Municipal Securities Representative Examination; or~~

~~(vii) the NASAA Real Estate Securities Examination.~~

~~(b) Any person who applies for registration as a limited salesperson for the sole purpose of selling real estate securities and holds a current real estate license issued by the Georgia Real Estate Commission must have passed the NASD Series 63 Uniform Securities Agent State Law Examination, but he or she need not meet the other requirements of subparagraph (a) above.~~

~~(c) A salesperson applicant who wishes to rely upon his or her passing any examination other than those enumerated in subparagraph (a) above, or who wishes to request a waiver of the examination requirements of this Rule, must submit a written request for consideration identifying the examination in question, its content, and the agency administering the examination, or the reason why a waiver should be granted by the Commissioner. The Commissioner shall have the sole discretion in deciding whether to accept such examination results or to grant a waiver of the examination requirements.~~

~~(3) Principals. The following provisions shall govern principal examination requirements:~~

~~(a) Requirements for Principals of General Dealers. Each principal of a general dealer must show proof that he or she has passed the NASD Series 63 Uniform Securities Agent State Law Examination and a general principal's examination. If the general dealer is a member of NASD, the principal must also show proof of registration as a NASD principal. If the general dealer is not a member of NASD, the principal must show proof that he or she has passed one of the following examinations:~~

~~1. The NASD Series 4 Registered Options Principal Examination;~~

~~2. The NASD Series 12 Branch Managers Examination;~~

3. ~~— The NASD Series 23 General Securities Principal Qualification Examination Sales Supervisor Module,~~

4. ~~The NASD Series 24 General Principal Examination, or~~

5. ~~The NASD Series 27 Financial and Operations Principal Examination.~~

~~(b) Requirements for Principals of limited dealers. Each principal of a limited dealer must show proof that he or she has passed the NASD Series 63 Uniform Securities Agent State Law Examination and a limited principal's examination. If the limited dealer is a member of NASD, the principal must also show proof of registration as a NASD principal. If the limited dealer is not a member of the NASD, the principal must show proof that he or she has passed one of the following examinations:~~

~~1. The NASD Series 26 Investment Company Products/Variable Contracts Principal Examination,~~

~~2. The NASD Series 39 Direct Participation Programs Principal Examination,~~

~~3. The NASD Series 53 Municipal Securities Principal Examination, or~~

~~4. The NASD Series 54 Municipal Securities Financial and Operations Principal Examination.~~

~~(c) Any person who is registered by virtue of Schedule C, adopted by the NASD Board of Governors pursuant to Article I section 2(d) of the NASD By Laws as they existed as of November 1, 1965, as a principal with the NASD without passing the qualifications examination is exempt from the principal examination requirements provided for in Code Section 10-5-3 and paragraph (3) of this Rule.~~

~~(d) A principal applicant who wishes to rely on his or her passing any examination other than those enumerated above, must submit a written request for consideration identifying the examination in question, its content, and the agency administering the examination, or the reason why a waiver should be granted by the Commissioner. The Commissioner, in his or her sole discretion, may accept such examination results or make a finding that the applicant is qualified by training, experience, or knowledge of the securities business to act as a principal.~~

~~(4) The Commissioner may choose not to require proof of written examination as set forth in Code Section 10-5-3 for each principal of a dealer or limited dealer applicant, provided such principal submits satisfactory proof that he or she will not be engaged in the day-to-day business of the dealer or limited dealer applicant in the State of Georgia, and, provided that, at least one (1) of the dealer or limited dealer applicant's principals, who is engaged in the day-to-day operation of the business, has a minimum of five (5) years experience in the general securities field and has submitted written proof that he or she has passed the examinations required by the Act and the Rules.~~

~~(5) Administration of Examinations. The Commissioner no longer administers general securities or securities law examinations. Examinations acceptable for use in Georgia will be administered solely by the NASD.~~

~~Authority O.C.G.A. Secs. 10-5-3, 10-5-10.~~

**590-4-2-.07 Supervision of Salespersons, Limited Salespersons, and Employees.**

(1) Every dealer and limited dealer registered, or required to be registered, under the Act shall exercise diligent supervision over the activities of its salespersons, limited salespersons, and employees.

(a) Each salesperson, limited salesperson, and other office employee shall be subject to the supervision of a designated supervisor.

(b) Written procedures, a copy of which shall be kept in each business office, shall be established, maintained, and enforced and shall set forth the standards and procedures adopted to comply with the requirements imposed by the Act and the Rules, including, but not limited to, the following:

1. administrative review and written approval of all new customer accounts;
2. periodic examination of customer accounts to detect and prevent irregularities or abuses;
3. prompt administrative review of all customer complaints and arbitrations;
4. prompt administrative review of correspondence pertaining to the solicitation and execution of securities transactions; and
5. the review by the designated supervisor, and his or her written approval, of the delegation by any customer of discretionary authority with respect to his or her account, and the frequent, periodic examination of all such discretionary accounts to prevent irregularities or abuses.

(c) Each registered salesperson, individually or collectively, shall participate, not less than annually, in an interview or meeting conducted by persons designated by the dealer or limited dealer at which compliance matters relevant to the activities of the salesperson(s) are discussed. Such interview or meeting may occur in conjunction with the discussion of other matters and may be conducted at a central or regional location or at the salesperson's place of business.

(d) Each dealer or limited dealer shall conduct a review, at least annually, of the businesses in which it and its registered salespersons engage that shall be reasonably designed to assist in detecting and preventing violations of, and achieving compliance with, the Act and the Rules. Each dealer or limited dealer shall review the activities of each of its offices, including periodic examinations of customer accounts to detect and prevent irregularities or abuses, and, each dealer or limited dealer shall conduct at least an annual inspection of each OSJ. Each branch office of the dealer or limited dealer shall be inspected according to a cycle that shall be set forth in the dealer or limited dealer's written supervisory and inspection procedures. In establishing such a cycle, the dealer or limited dealer shall give consideration to the nature and complexity of the securities activities for which the location is responsible, the volume of business done, and the number of associated persons assigned to the location. Each dealer or limited dealer shall retain a written record of the dates upon which each review and inspection is conducted.

(e) It shall be the responsibility of each dealer, limited dealer, and supervisor to ascertain that all salespersons and limited salespersons are properly registered, as required by the Act and the Rules, prior to making offers or sales of securities.

(f) It shall be the responsibility of each dealer and limited dealer and their supervisors to ensure that all employees of such dealer or limited dealer are properly trained regarding the disclosure requirements and the civil and criminal liability provisions of the Act.

(g) It shall be the responsibility of each dealer and limited dealer and their supervisors to approve all outside investment and securities business activities of each salesperson and limited salesperson, prior to the salesperson or limited salesperson's engaging in such activity.

(2) It shall be the responsibility of each dealer and limited dealer to ensure that all dealer, limited dealer, salesperson, and limited salesperson disciplinary data required by the Act and these Rules

~~is promptly and accurately reported in accordance with the requirements of the CRD, or as the Commissioner may designate for dealers and limited dealers that are not registered with the SEC, are not members of the NASD, or are not members of any national securities exchange registered with the SEC.~~

~~(3) Every issuer who employs any dealer, limited dealer, salesperson or limited salesperson in connection with the sale of securities shall comply with the supervision requirements as set forth in the Act and these Rules.~~

~~Authority O.C.G.A. Secs. 10-5-3, 10-5-10.~~



**~~590-4-2-.08 Criminal History Access.~~**

~~Each applicant filing an application to become a salesperson, limited salesperson, designated salesperson, investment adviser, federal covered adviser, or investment adviser representative shall submit a complete set of his or her fingerprints taken by an authorized law enforcement officer to the Georgia Bureau of Investigation, to the Federal Bureau of Investigation, or through the CRD for state and federal processing. The Commissioner and his or her staff are authorized to review the criminal history record information generated by the processing of the fingerprints. The Commissioner may promulgate rules and regulations for the administration of this provision. Authority O.C.G.A. Secs. 10-5-3, 10-5-10, 10-5-11.~~

**590-4-2-.09 Termination of Dealers, Limited Dealers, Salespersons and Limited Salespersons.**

~~(1) If the Commissioner determines that a registrant or applicant for registration is no longer in existence, has ceased to act as a dealer or limited dealer, designated dealer, salesperson, limited salesperson, or designated salesperson, is the subject of an adjudication of incapacity, is subject to the control of a committee, conservator, or guardian, or cannot reasonably be located, the Commissioner may issue an order that requires the registration to be canceled or terminated or the application to be denied or may cancel or terminate the registration or applicant's status on the CRD. The Commissioner may reinstate a canceled or terminated registration, with or without hearing, and may make the registration retroactive.~~

~~(a) The entry of such an order shall constitute a final order, shall be deemed to be in the public interest, and shall not be deemed to constitute findings of fact or conclusions of law related to other persons. The entry of such an order shall not be deemed to be a waiver or estoppel on the part of the Commissioner from proceeding in individual actions against any persons who may have violated the Act, nor shall such an order prevent the Commissioner from bringing individual actions against any persons who have violated the Act or Rules, if such violation was not known to the Commissioner at the time the order was issued.~~

~~(b) The order is not a "proceeding" or "enforcement action" pursuant to the Act, the APA, or the Rules.~~

~~(2) No dealer, limited dealer, or issuer shall employ any salesperson or limited salesperson who is not registered as required by the Act, and each such person shall promptly notify the Commissioner of its termination of such salesperson or limited salesperson's employment. The registration of such salesperson or limited salesperson shall automatically be terminated from the time of termination of employment. Said notification may be accomplished by filing the necessary documents with the CRD. If the salesperson or limited salesperson is not registered with the CRD, notification shall be accomplished by filing a Uniform Termination Notice for Securities Industry Registration (U-5 Form) with the Commissioner. As used herein, the word "promptly" means that the U-5 form should be filed as soon as possible consistent with the time period specified in the CRD filing procedures.~~

~~Authority O.C.G.A. Secs. 10-5-3, 10-5-10, 10-5-11.~~

**~~590-4-2-10 Incomplete and Abandoned Applications.~~**

~~(1) An application for registration as a dealer, limited dealer, salesperson, or limited salesperson pursuant to section 10-5-3 of the Act is considered filed when the Commissioner receives the application and required filing fees.~~

~~(2) Any application for registration as a dealer, limited dealer, salesperson, or limited salesperson is deficient if any of the following conditions exists:~~

~~(a) the application is not in proper form;~~

~~(b) the application is not in compliance with Code Section 10-5-3 or any other provision of the Act; or~~

~~(c) the application is not in compliance with any other state or federal law, statute, rule or regulation.~~

~~(3) When an application is found to be deficient, the Commissioner may send a deficiency letter to the applicant stating the grounds of deficiency and, if the applicant is a salesperson or limited salesperson, to the dealer, limited dealer, or issuer who employs or proposes to employ such applicant. Any application for registration as a dealer, limited dealer, salesperson, or limited salesperson shall be deemed to be abandoned by the applicant if the Commissioner receives no communication from the applicant for a period of sixty (60) days. Upon declaring that the application is abandoned, the Commissioner may unilaterally and without further notice to the applicant dismiss the application and change the status of the application on the CRD to "abandoned."~~

~~Authority O.C.G.A. Sec. 10-5-10.~~

**590-4-2-11 Renewal Applications.**

(1) All procedures, renewal schedules and fee collection methods announced by the CRD shall be applicable to registrations processed through the CRD for dealers, limited dealers, salespersons or limited salespersons.

(2) Except as otherwise provided in paragraph (3) below, all renewal applications must be filed with all necessary information and required filing fees no earlier than October 1st and no later than December 31st of each year.

(3) An application for renewal registration as a dealer, limited dealer, salesperson, or limited salesperson shall be filed consistent with instructions from the NASD as operators of the CRD, shall contain the fee required by Code Section 10-5-3, and shall contain such amendments to the initial registration as may be required by the applicable provisions of the Act or these Rules.

(4) Salespersons, limited salespersons, dealers, or limited dealers who are registered through the CRD shall submit an annual renewal fee directly through the CRD. Any salesperson, limited salesperson, dealer, or limited dealer bond or evidence of the continuation of a salesperson, limited salesperson, dealer, or limited dealer bond shall be sent directly to the Commissioner. Unless otherwise provided by the Commissioner, renewal of registration as a dealer, limited dealer, salesperson, or limited salesperson shall be effective when the Commissioner has received notice from the CRD that all fees have been paid and when the required bond has been filed with the Commissioner.

Authority O.C.G.A. Sec. 10-5-10.

**~~590-4-2-.12 Temporary Salesperson Registration.~~**

~~(1) The Commissioner has deemed it to be in the public interest to establish a procedure for temporary authorization to sell securities for salespersons or limited salespersons registering in the State who are applying for permanent registration through the CRD system. All salespersons or limited salespersons who apply for registration in Georgia under the Temporary Agent Transfer Program of the CRD shall comply with the Rules and Regulations of the CRD before becoming permanently registered pursuant to the Act.~~

~~(2) The issuance of a temporary registration shall not waive any rights of the Commissioner to proceed in any disciplinary proceedings or sanctions provided by the Act.~~

~~Authority O.C.G.A. Sec. 10-5-10.~~

**590-4-2-.13 Bonds.**

(1) Except as otherwise provided for in section 10-5-3(g) and this Rule, no applicant shall be registered or renewed as a dealer, limited dealer, salesperson or limited salesperson until the applicant files a bond satisfactory to the Commissioner in the amount of \$25,000.00 as to dealer and limited dealer and \$2,500.00 as to the salesperson and limited salesperson.

(2) The bonding requirements of Code Section 10-5-3(g) shall not be applicable if the dealer or limited dealer:

(a) is registered under section 15(b) of the Securities Exchange Act of 1934, is a member of the NASD or a national securities exchange registered with the SEC, and is a member of the Securities Investors Protection Corporation or is specifically excluded from membership pursuant to the Securities Investors Protection Act of 1970, as amended, 15 U.S.C.A. § 78aaa, et seq., because its business consists exclusively of one or more of the following categories:

1. the distribution of shares of registered open end investment companies or unit investment trusts;

2. the sale of variable annuities;

3. the business of insurance; or

4. the business of rendering investment advisory services to one or more registered investment companies or insurance companies separate accounts; or

(b) has a minimum net worth of not less than \$250,000.00.

(3) The Commissioner may, at any time, issue an order to a dealer or limited dealer, subject to the right of such dealer or limited dealer to a hearing as provided in Code Section 10-15-16, requiring additional proof of financial responsibility of such dealer or limited dealer necessary to protect adequately investors in this State.

(4) The requirement for the filing of such bond by an applicant for registration or renewal or registration as a salesperson or limited salesperson shall not be applicable if the dealer or limited dealer by whom such applicant is employed or is to be employed is not subject to the bond requirements of Code Section 10-5-3.

(5) The requirement for the filing of such bond by an applicant for registration or renewal as a salesperson, limited salesperson, dealer, limited dealer or designated dealer shall not be applicable if exempted or preempted by federal law.

Authority O.C.G.A. Secs. 10-5-3, 10-5-10.

**590-4-2-14 Dishonest or Unethical Business Practices.**

(1) Every person registered or required to be registered as a dealer, limited dealer, salesperson and limited salesperson shall observe high standards of commercial honor and just and equitable principles of trade in the conduct of business.

(a) The Commissioner may, at his or her discretion, take such action as authorized by Code Section 10-5-4 regarding any dealer, limited dealer, salesperson or limited salesperson for any of the following grounds:

1. engaging in a pattern of unreasonable and unjustifiable delays in the delivery of securities purchased by any of his, her, or its customers and/or in the payment upon request of free credit balances reflecting completed transactions of any of its customers;
2. inducing trading in a customer's account that is excessive in size or frequency in view of the financial resources and character of the account (i.e., churning);
3. recommending to a customer or inducing the purchase, sale or exchange of any security without reasonable grounds to believe that such transaction or recommendation is suitable for the customer based upon a reasonable inquiry concerning the customer's investment objectives, financial situation and needs, tax status, other security holdings, and any other relevant information known by the dealer, limited dealer, salesperson, or limited salesperson;
4. executing a transaction on behalf of a customer without authorization to do so or failing to execute a transaction at the customer's request;
5. failing to segregate customers' free securities or securities held in safekeeping;
6. hypothecating a customer's securities without having a lien thereon, unless the dealer secures from the customer a properly executed written consent promptly after the initial transaction, except as permitted by SEC rules;
7. entering into a transaction with or for a customer at a price not reasonably related to the current market price of the security or receiving an unreasonable or excessive commission or profit;
8. guaranteeing a customer against loss in any securities account of such customer carried by the dealer or in any securities transaction effected by the dealer, limited dealer, salesperson, or limited salesperson with or for such customer;
9. failing to disclose that the dealer is controlled by, controlling, affiliated with, or under common control with the issuer of any security before entering into any contract with or for a customer for the purchase or sale of such security, the existence of such control to such customer, and if such disclosure is not made in writing, shall be supplemented by the giving or sending of written disclosure at or before the completion of the transaction; further, failing to disclose that a registrant or applicant has a relationship, or private or pecuniary interest in relationship to the securities being offered;
10. failing to make a bona fide public offering of all the securities allotted to a dealer, limited dealer, salesperson, limited salesperson for distribution, whether acquired as an underwriter, a selling group member, or from a member participating in the distribution as an underwriter or selling group member;
11. failure or refusal to furnish a customer, upon reasonable request, information to which he, she, or it is entitled, or to respond to a formal written request or complaint;
12. effecting securities or investment transactions not recorded on the regular books or records of the registrant or the registrant's employer;
13. establishing or maintaining an account containing fictitious information in order to execute transactions that would otherwise be prohibited;

~~14. recommending to a customer the purchase of a security when the security has not been properly registered for sale;~~

~~15. a salesperson's or limited salesperson's engaging in investment and securities related activities outside the scope of the business of the dealer or limited dealer that is not approved, in writing, by the dealer or limited dealer prior to his or her engaging in said activity; or~~

~~16. employing or associating an individual to engage in an activity related to securities transactions in this State if the individual's registration is suspended or revoked or the individual is barred from employment or association with a dealer or limited dealer, an issuer, an investment adviser, or a federal covered investment adviser by an order of the Commissioner under the Act, the SEC, another state regulator, or a self-regulatory organization. A dealer, limited dealer, or issuer does not violate this subsection if the dealer, limited dealer, or issuer did not know, and in the exercise of reasonable care could not have known, of the suspension, revocation, or bar. Upon request from a dealer, limited dealer, or issuer, and for good cause, an order under the Act may modify or waive, in whole or in part, the application of the prohibitions of this subsection to the dealer or limited dealer.~~

~~(b) No salesperson or limited salesperson shall deal with any other person not registered with the Commissioner except at the same prices, for the same commissions or fees, and on the same terms and conditions as are by such person accorded to the general public. Without limiting the generality of the foregoing, no salesperson or limited salesperson shall:~~

~~1. in any transaction with any other person not registered with the Commissioner, allow or grant to such person not registered with the Commissioner any selling concession, discount or other allowance allowed by such salesperson or limited salesperson to a member of a registered securities association and not allowed to a member of the general public;~~

~~2. join with any person not registered with the Commissioner in any syndicate or group contemplating the distribution to the public of any issue of securities or any part thereof; or~~

~~3. sell any security to, or buy any security from, any person not registered with the Commissioner except at the same price such salesperson or limited salesperson would buy or sell such security, as the case may be, from or to a person who is a member of the general public not engaged in the investment banking or securities business.~~

~~(3) For the purpose of this Rule, the term "non-registered salesperson or dealer" shall include any salesperson, limited salesperson, dealer, or limited dealer who makes use of the mails, or of any means or instrumentality of interstate commerce, to effect any transaction in, or to induce the purchase or sale of, any security, other than on a national securities exchange, who is not a person registered with the Commissioner pursuant to Code Section 10-5-3, except a salesperson, limited salesperson, dealer, or limited dealer who deals exclusively in commercial paper, bankers' acceptances, or commercial bills.~~

~~(4) Nothing in this Rule shall be so construed or applied as to prevent any person registered with the Commissioner from granting to any other dealer or limited dealer of any registered securities association any dealer's or limited dealer's discount, allowance, commission, or special terms.~~

~~(5) The Commissioner may, at his or her discretion, take such action as is authorized by Code Section 10-5-4 regarding any person registered or required to be registered as a dealer, limited dealer, salesperson, or limited salesperson if such person is being sanctioned or disciplined by the NASD or any other self-regulatory agency.~~

~~Authority O.C.G.A. Secs. 10-5-4, 10-5-10.~~



**590-4-2-.15 Training Certification.**

(1) Pursuant to Code Section 10-5-3(d), an application for registration by any individual who, upon registration, would be a designated salesperson shall contain a certification that the applicant has completed, or has begun and will complete, a four-month period of training with a dealer, limited dealer, or designated dealer registered with the Commissioner before offering to sell, selling, offering to purchase, or purchasing any designated security.

(a) Applicants for registration who are required to submit such certification shall do so on a form prescribed by the Commissioner.

(b) For purposes of the Act and this Rule, the training that must be certified shall include instruction on those amendments to the Act that related to designated securities and became effective July 1, 1990.

(2) A dealer or designated dealer shall have provided a period of training that substantially complies with the requirements of Code Sections 10-5-3 if said dealer, limited dealer, or designated dealer has provided a minimum of 320 hours of training covering the following topics: the functioning of financial and securities markets; the Act, including the provisions related to designated dealers and securities; financial portfolio diversification; types of securities, including, but not limited to, stocks, debt securities, direct participation programs, mutual funds, variable annuities, and options; income taxes; and securities analysis.

(3) A dealer or limited dealer of securities that is, by definition, a designated dealer on July 1, 1990, shall file with the Commissioner the certification required by Code Section 10-5-3 on behalf of all its salespersons and limited salespersons who are designated salespersons. Said certification shall be filed with the dealer's application for renewal or registration no later than January 1, 1991.

(4) A dealer or limited dealer of securities who becomes a designated dealer after July 1, 1990, shall file with the Commissioner the certification required by Code Section 10-5-3 on behalf of all its salespersons and limited salespersons who wish to become designated salespersons. Said certification shall be filed with the Commissioner within thirty (30) days of becoming a designated dealer.

(5) For the purpose of complying with this rule, a dealer or limited dealer shall file Form DST for the training certification of each designated salespersons. Said form shall constitute an amendment to the dealer's or limited dealer's Form BD and a filing fee of \$20.00 shall be paid at the time of filing pursuant to Code Section 10-5-3.

Authority O.C.G.A. Secs. 10-5-3, 10-5-10.

**~~590-4-2-.16 Designated Dealer Notification.~~**

~~A dealer or limited dealer shall notify the Commissioner within thirty (30) days after it becomes a designated dealer. In order to comply with this requirement the dealer shall file Form DD with the Commissioner. Said form shall constitute an amendment to the dealer's or limited dealer's Form BD. A filing fee of \$20.00 shall be paid at the time of filing pursuant to Code Section 10-5-3.~~

~~Authority O.C.G.A. Secs. 10-5-3, 10-5-10.~~

**~~590-4-2-.17 Compliance with Compensation Disclosure Requirements.~~**

~~(1) With respect to designated dealers that utilize a real time computer based internal accounting and bookkeeping system, said dealers or limited dealers shall have substantially complied with the disclosure requirements of Code Sections 10-5-3 and 10-5-12 if disclosure of the actual amount of commissions, fees, bonuses, or other compensation is made in the written agreement to the transaction required by Code Section 10-5-12 and in the confirmation required by Code Section 10-5-3.~~

~~(2) With respect to designated dealers that do not utilize a real time computer based internal accounting and bookkeeping system, said dealers or limited dealers shall have substantially complied with disclosure requirements of Code Sections 10-5-3 and 10-5-12 if disclosure of a good faith estimate of the amount of commissions, fees, bonuses, or other compensation is made in the written agreement to the transaction required by Code Section 10-5-12 and in the confirmation required by Code Section 10-5-3 of the Act, provided that disclosure of the actual amount of commissions, fees, bonuses, or other compensation is subsequently made to the customer at the time when the actual amount is first determined by said dealers or limited dealers.~~

~~Authority O.C.G.A. Secs. 10-5-3, 10-5-10, 10-5-12.~~

**~~590-4-2-.18 Registration Effective Only While Employed or Associated.~~**

~~The registration of a salesperson or a limited salesperson is effective only while the individual is employed by, or associated with, a dealer or limited dealer registered under the Act or an issuer that is offering for sale, selling, or purchasing its securities in this State.~~

~~Authority O.C.G.A. Sec. 10-5-10.~~

**~~590-4-2-.19 Cross Border Transactions.~~**

~~(1) A dealer or limited dealer and their associated persons registered in Canada or other foreign countries that does not have a place of business in Georgia is exempt from the registration requirements of Code Section 10-5-3 in connection with the purchase or sale of securities with or for:~~

~~(a) an individual from Canada or other foreign countries who is temporarily present in Georgia and who maintains his or her domicile in Canada or other foreign countries and with whom the dealer had a bona fide customer relationship before the individual entered the United States;~~

~~(b) an individual from Canada or other foreign countries who is present in Georgia and whose transactions are in a self-directed tax advantaged retirement plan of which the individual is the holder or contributor in that foreign country; or~~

~~(c) an individual who is present in Georgia, with whom the dealer customer, or limited dealer customer relationship arose while the individual was temporarily or permanently residing in Canada or another foreign country.~~

~~(2) The security registration provisions of Code Sections 10-5-5 and 10-5-6 shall not apply to any offer for sale or sale of a security to the individuals described in this Rule 590-4-2-.19 effected by a dealer or limited dealer and their associated persons exempted from registration by said Rule.~~

~~(3) Nothing in this Rule is intended to, or should, be construed as, in any way, relieving the exempt dealer or limited dealer and their associated persons from the anti-fraud provisions of Code Section 10-5-12.~~

~~Authority O.C.G.A. Secs. 10-5-3, 10-5-10.~~

**~~590-4-2-.20 — Bank Employees Offering or Selling Securities Issued by the Bank.~~**

~~(1) Employees of a bank regulated by federal or state banking authorities, which is excluded under the definition of a “dealer” pursuant to Code Section 10-5-2 or the definition of a “limited dealer” pursuant to Code Section 10-5-2, who are offering and selling securities issued by said bank are not required to register as salespersons or limited salespersons pursuant to Code Section 10-5-3.~~

~~(2) Nothing in this Rule is intended to, or should, be construed as relieving, in any way, the bank salespersons or limited salespersons from the anti-fraud provisions of Code Section 10-5-12.~~  
~~Authority O.C.G.A. Secs. 10-5-3, 10-5-10.~~